



MILL LEVY ESSENTIALS

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VALUATION MILL LEVIES PROPERTY TAX

QUESTIONS THAT WILL BE ADDRESSED:

What is a mill? What is a mill levy?

What is the difference between True & Full, Market, Assessed, and Taxable Value?

How is Taxable Value calculated for a political subdivision?

How are mill levies calculated?

How are mill levies used to calculate tax?

How do property values affect mill levies?

VALUATION MILL LEVIES PROPERTY TAX

What is a mill levy?

How is it calculated?



A “MILL” is defined as 1/1000 of \$1

MILL LEVY is the “tax rate” applied to the taxable valuation of a property



The amount of tax to be levied and collected is calculated by dividing the dollars needed to fund the budget by the taxable valuation of the political subdivision



$\text{Tax } \$\$ \text{ needed for Budget} \div \text{Taxable Value} = \text{MILL LEVY}$

$\text{MILL LEVY} \times \text{Individual Property Taxable Value} = \text{TAX BILL}$

PROPERTY VALUES



Locally Assessed

- All real property that is subject to property tax.
- Value is set as of February 1 of each year.
- Used as the True & Full Value when calculating property taxes.
- Residential, Commercial, Agricultural



Centrally Assessed

- Assessed by the State Board of Equalization.
- Includes railroads, pipelines, airlines, and investor-owned public utilities.
- State Tax Department certifies approved values to county auditors.



Rural Electric Cooperatives, Telecommunication Companies

- Electric Generation, Distribution, and Transmission Taxes assessed differently than other real property.
- Guidelines are set by North Dakota Century Code NDCC 57-33.2.
- Administered by the ND State Tax Department.
- Distributed to counties by the State Treasurer.

PROPERTY VALUES - DEFINITIONS

What is the difference between True & Full, Market, Assessed, and Taxable Value?

True & Full Value vs Market Value

- **True & Full:** The amount determined by local assessor to be the correct value to be used for property tax calculations.
- **Market:** The price a property would bring if it were offered for sale in the open market.

Assessed Value

- **Assessed:** 50% of the True & Full Value

Taxable Value

- **Residential Property:** 4.5% of T&F Value (9% of Assessed Value)
Commercial/Agricultural/Centrally Assessed Property: 5% of T&F Value (10% of Assessed Value)

Property Classification Types

- **Residential:** TV 4.5% of T&F Value
- **Commercial:** TV 5% of T&F Value
- **Agricultural:** TV 5% of T&F Value



PROPERTY VALUES

True & Full Value ÷ 2 = Assessed Value
 Assessed Value X 9% = Residential Taxable Value
 Assessed Value X 10% = Commercial & Ag Taxable Value

How is Taxable Value calculated for a political subdivision?

<u>Property Class</u>	<u>True & Full Value</u>	50% of True & Full <u>Assessed Value</u>	ABC County <u>Taxable Value</u>
Residential	\$45,000,000	\$22,500,000	\$2,025,000
Commercial	\$24,000,000	\$12,000,000	\$1,200,000
Agricultural	\$360,000,000	\$180,000,000	\$18,000,000
Centrally Assessed	\$ 5,500,000	\$2,750,000	\$275,000
Totals	\$434,500,000	\$217,250,000	Total Taxable Value \$ 21,500,000

4.5% of T&F
(9% of Assessed)

5% of T&F
(10% of Assessed)

BUDGETS & MILL LEVIES

BASICS

- **BUDGET:** Taxing authorities (school, city, county, park, etc.) approve budgets annually for services residents want or have asked for.
- **VALUATION:** Buyers and sellers in the market create value. Assessors study the market transactions and establish a property value.
- **TAXATION:** Approved budgets are divided by the total taxable value and tax rates (mill levies) are set.

BUDGETS & MILL LEVIES

ABC COUNTY			
Annual Budget for the Year Ending December 31, 2020			
REVENUE	GENERAL FUND		
	Actual Revenue 2018	Estimated Revenue 2019	Estimated Revenue 2020
REVENUES			
Taxes:			
General Property Taxes	510,092	600,000	XXX
Permits, Licenses and Fees:			
Beer and Liquor Licenses	5,915	5,000	5,000
Gaming Permits	100	50	50
Trip Permits	1,632,929	2,000,000	1,500,000
Overweight Permits	119,763	150,000	150,000
Total Lic., Permits and Fees	1,758,707	2,155,050	1,655,050
Intergovernmental Revenue:			
Oil & Gas Production Tax	19,551,279	23,000,000	25,000,000
Public Domain Royalties	5,421,316	4,000,000	3,000,000
Total Intergovern. Revenues	24,972,595	27,000,000	28,000,000
Charges for Services			
Clerk of Court	225,464	294,540	299,540
Treasurer - MVD service fees	56,371	80,000	85,000
State's Attorney - Grant	0	65,000	45,000
Recorder	1,025,485	1,000,000	1,000,000
Director of Tax Equalization	129,580	14,500	14,500
Planning & Zoning	1,031,359	780,000	825,000
Human Resources	37,560	0	0
GIS	0	60,200	385,200
Elections	0	1,130	0
Landfill	2,848,852	2,501,000	2,752,500
Sheriff's Fees and 24/7 Program	166,563	1,236,138	1,647,400
Jail	204,000	213,900	212,000
Disaster Emergency Services	17,522	18,000	30,000
Homeland Security Grants	49,551	6,650	30,000
Total Charges for Services	5,792,307	6,271,058	7,326,140

Property Tax estimate is **not** included on Revenue Budget. Property Tax is calculated later and is based on amount needed to fund the budget.

ABC COUNTY				
Annual Budget for the Year Ending December 31, 2020				
EXPENSES	GENERAL FUND			
	Actual Expend. 2013	Estimated Expend. 2014	Requested 2015	Final Approp. 2015
EXPENDITURES				
General Government				
Governing Board	182,491	208,557	218,247	218,247
Housing Authority Board	1,884	3,230	3,230	3,230
Clerk of District Court	289,371	332,765	502,571	417,154
Auditor	421,369	429,448	465,267	465,267
Treasurer	268,871	332,662	451,216	400,243
State's Attorney	276,877	456,750	724,473	724,473
Recorder	316,211	352,761	391,250	388,591
Director of Tax Equalization	255,423	472,968	575,870	575,000
Planning & Zoning	1,071,143	905,504	1,024,574	1,008,218
Human Resources	119,820	37,106	149,231	149,231
GIS Department	82,008	162,655	932,958	864,425
Custodian	206,316	208,234	295,376	269,147
Courthouse Maintenance	221,593	374,625	571,000	471,000
Building Fund	1,823,986	18,810,000	22,200,000	22,200,000
Elections	2,643	51,050	2,500	2,500
Landfill	3,307,943	7,543,160	3,887,390	3,564,562
County Tourism Bureau	54,887	57,495	61,902	61,902
Non-Departmental Expense	5,962,907	3,796,800	4,340,300	4,340,300
Total General Government	14,865,743	34,535,770	36,797,355	36,123,490

Annual budgets used to estimate revenues and expenditures for the year.

BUDGETS & MILL LEVIES

		SCHEDULE C		
ABC COUNTY		GENERAL FUND	Other Fund	Other Fund
APPROPRIATION AND CASH RESERVE				
1.	a. Final Appropriation, Line 20	950,000	300,000	750,000
	b. Budgeted Transfers Out, Line 24	50,000	-	-
	c. Total Appropriation-Line a plus b	1,000,000	300,000	750,000
2.	Cash Reserve (Note 1)	100,000	25,000	50,000
3.	Total Appropriation and Cash Reserve Line 1c plus Line 2	1,100,000	325,000	800,000
RESOURCES AND AMOUNT LEVIED				
4.	Cash and Investments (Estimated) as of December 31, 2020	122,500	50,000	75,000
5.	a. Estimated Revenue, Line 11	225,000	250,000	350,000
	b. Estimated Transfers In, Line 23	-	-	50,000
	c. Total Estimated Revenue and Transfers In Line a plus Line b	225,000	250,000	400,000
6.	Total Resources - Line 4 plus Line 5c	347,500	300,000	475,000
7.	Levy Required - Line 3 less Line 6 If this difference is less than 0, enter 0	752,500	25,000	325,000
8.	Allowance for Delinquent Tax Collections (Not to exceed 5% of Line 7)	-	-	-
9.	Total Amount Levied - Line 7 plus 8	752,500	25,000	325,000

$$\begin{array}{r}
 \$1,100,000 \\
 - \quad 347,500 \\
 \hline
 \$752,500
 \end{array}$$

Note 1- Not to exceed 75% of appropriations other than for debt retirement and appropriations financed from Bond Sources.

BUDGETS & MILL LEVIES



How is the mill levy calculated?

Dollars needed to fund budget (Appropriation + Cash Reserve)	\$ 1,100,000
Revenue to support budget (not including property taxes)	(<u>347,500</u>)
Property Taxes needed for General Fund budget	\$ 752,500

Property Taxes needed for General Fund budget	\$ 752,500
Divided by Taxable Valuation	÷ 21,500,000
Mill Rate (\$752,500 ÷ \$21,500,000)	.035
Mill Levy = .035 X 1000	35 mills

BUDGETS & MILL LEVIES

EXAMPLE: COUNTY TAX CALCULATION (CONT.)

How is the mill levy used to calculate tax?

True & Full Value of House (residential property)	\$ 300,000
Assessed Value = 50% of True & Full Value (\$300,000 X 50%)	\$ 150,000
Taxable Value = 4.5% of T&F Value (9% of Assessed Value)	\$ 13,500
Mill Levy	X 35 mills
TAX DUE = Taxable Value X Mill Levy ÷ 1000 (\$13,500 X 35.00 ÷ 1000)	\$473

BUDGETS & MILL LEVIES

How does taxable value affect mill levies?

	Example 1	Example 2	Example 3
Total dollars needed for budget (Expenses & Reserve)	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000
Revenue to support budget (not property taxes)	(347,500)	(347,500)	(347,500)
Property Taxes needed to fund budget	\$ 752,500	\$ 752,500	\$ 752,500

Property Taxes needed to fund budget	\$ 752,500	\$ 752,500	\$ 752,500
Divided by Taxable Valuation	÷ 21,500,000	÷ 18,000,000	÷ 30,000,000
Mill Rate = (\$752,500 ÷ Taxable Value)	.035	.042	.025
Mill Levy = Mill Rate X 1000	35 mills	42 mills	25 mills

BUDGETS & MILL LEVIES

EXAMPLE: COUNTY TAX CALCULATION (CONT.)

How do mill levies affect the tax due on property?

	Example 1	Example 2	Example 3
True & Full Value of House (residential property)	\$ 300,000	\$ 300,000	\$ 300,000
Assessed Value = 50% of True & Full Value (\$300,000 X 50%)	\$ 150,000	\$ 150,000	\$ 150,000
Taxable Value = 4.5% of T&F Value (9% of Assessed Value) \$300,000 X 4.5%	\$ 13,500	\$ 13,500	\$ 13,500
Mill Levy	35 mills	42 mills	25 mills
TAX DUE = TV X Mill Levy ÷ 1000	\$473	\$567	\$338

PROPERTY TAXES & MILL LEVIES

Residential Property Valued at \$300,000

Taxable Value: \$300,000 X 4.5% = \$13,500

Political Subdivision	Taxable Value	Mill Levy	Tax Due
State Medical Center	13,500	1.00	\$ 13
County General Fund	13,500	35.00	\$ 473
County Road & Bridge	13,500	10.00	\$ 135
County Extension	13,500	4.00	\$ 54
County Historical Society	13,500	1.00	\$ 14
County Weed Control	13,500	3.50	\$ 47
City (or Township)	13,500	75.00	\$ 1,012
City Park	13,500	30.00	\$ 405
School District	13,500	90.00	\$ 1,215
Fire District	13,500	5.00	\$ 68
TOTAL TAX DUE		254.5 mills	\$ 3,436

Effective Tax Rate =
Tax ÷ T&F Value

\$3,436 ÷ \$300,000 =
ETR 1.15%

County Taxes
\$ 723
21% of bill

City Taxes
\$ 1,417
41% of bill

School Taxes
\$ 1,215
36% of bill

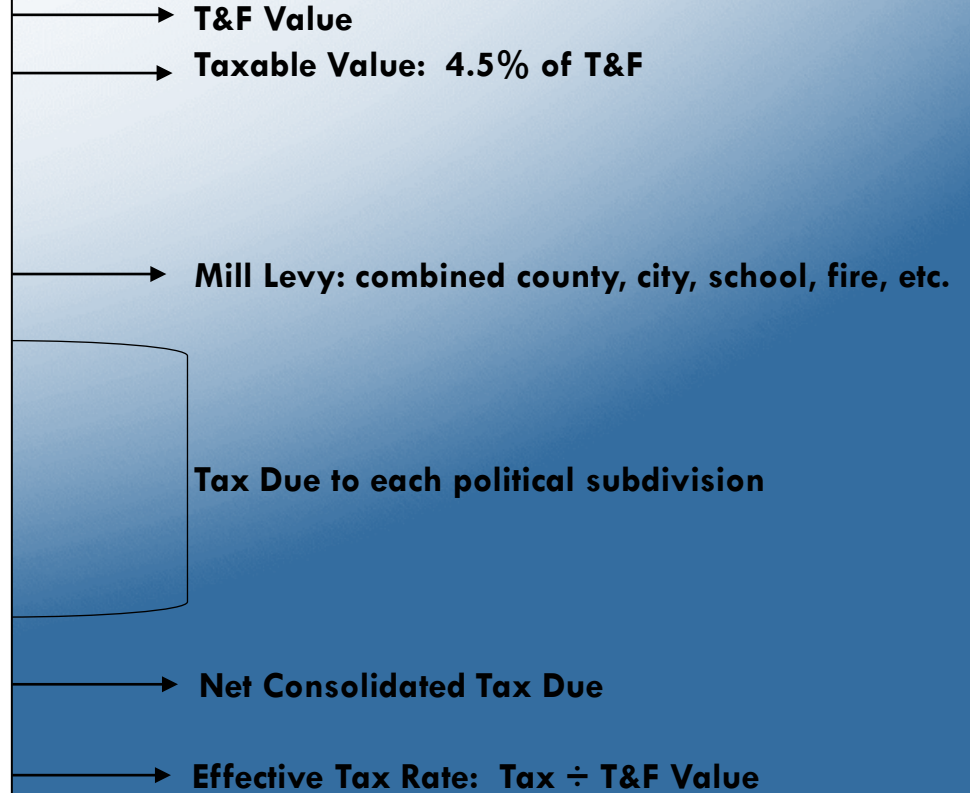
Fire Dist. Taxes
\$ 68
2% of bill



TAX STATEMENT

**3-year comparisons:
Legislative Tax Relief, Value, Mill Levy, Tax, ETR**

Legislative tax relief (3-year comparison):	2019	2020	2021
Legislative tax relief	1,363.27	1,367.21	1,364.06
Tax distribution (3-year comparison):			
True and full value	218,300	218,300	218,300
Taxable value	9,824	9,824	9,824
Less: Homestead credit	0	0	0
Disabled Veterans credit	0	0	0
Net taxable value	9,824	9,824	9,824
Total mill levy	232.900	227.680	236.590
Taxes <u>By</u> District (in dollars):			
County	560.07	558.79	578.44
City/Township	360.16	311.03	346.78
Park	337.06	336.28	336.18
School (after state reduction)	1,020.90	1,020.81	1,053.04
Other 1	9.82	9.82	9.82
Other 2	0.00	0.00	0.00
Consolidated tax	2,288.01	2,236.73	2,324.26
Net effective tax rate	1.05%	1.02%	1.06%



QUESTIONS??



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BUDGETS & MILL LEVIES

How is the mill levy calculated?



Dollars needed to fund budget (Appropriation + Cash Reserve)	\$ 1,100,000
Revenue to support budget (not property taxes)	(347,500)
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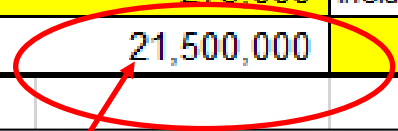
MAXIMUM LEVY WORKSHEET – CALCULATION 1

Calculation 1 (N.D.C.C. § 57-15 district levies)		
1. Current year taxable value:		
a. Locally assessed:		
\$	21,225,000	
b. Centrally assessed:		
\$	275,000	2. Maximum mills provided by law, including excess levies approved by
\$	21,500,000	60.00
		3. Levy at max mills (No. 1 total times No. 2)
		\$ 1,290,000.00

Levy Limitations				
1200 - County				
Levy No.	Fund Or Purpose	Maximum Rate Or Amount	Law	Remarks (x) Indicates levies in add. to Gen. Fund Levy (y) Indicates included in general fund if county has consolidated levies
1201	General or Home Rule or Home Rule	60 Mills	N.D.C.C. § 57-15-06 N.D.C.C. §§ 12.1-01-05; 57-01-02.1	General county purposes. If, for taxable year 2015, a county levied more than 60 mills for general fund purposes plus other levies consolidated into the general fund pursuant to 2015 SB 2144, it may levy the same number of mills for taxable year 2016. The number of mills in excess of 60 mills must be reduced by 25 percent each year beginning with taxable year 2017 so that by taxable year 2020, the county is levying no more than 60.00 mills for general fund purposes.

Current Year Taxable Value:
 Locally Assessed Value + Centrally Assessed Value

Maximum Mills:
 Levy Limitations Book – most current





MAXIMUM LEVY WORKSHEET CALCULATION 1 - (CONT.)

- Current year taxable value
 - Locally assessed
 - Centrally assessed
 - Headquarter county completes worksheet
 - Include values from other counties in the district
- **Taxable Value of the Disabled Veterans and Homestead Credit properties are included in mill levy calculations**
- Maximum mills provided by law
 - Levy limitations schedule
 - Approved excess

MAXIMUM LEVY WORKSHEET – CALCULATION 2

Taxes Levied Previous Years:
Pulled from three previous years' MLWs

Calculation 2 (N.D.C.C. Section 57-15-01.1 Protection of Taxpayers and Taxing Districts)			
4. Taxes levied in the last three years (expressed in dollars)			
a. last year	\$ 730,000.00	b. two years ago	\$ 725,000.00
5. Base year (largest 4 a, b, or c)		6. Base year taxable value of taxable & exempt* property	
\$ 730,000.00		\$ 19,750,000	
7. Expired levies in mills		8. Expired temporary levies (No. 6 times No. 7)	
0.00		\$ -	
10. Calculated mill rate for taxes levied in the base year (No.9 ÷ No. 6)		11. Taxable value of taxable & exempt* property removed since the base year.	
36.96		\$ 13,500	
		13. Taxable value of taxable & exempt* property added since the base year.	
		\$ 400,000	
15. New or increased mills authorized by the legislature or electors (xxx.xx) **		14. Adjustment for property added to the taxing district (No. 10 times No. 13)	
0.00		\$ 14,784.00	
17. Adjusted base year taxes (No. 9 minus No. 12 plus No. 14 plus No. 16)		16. New mills increase (No. 1 total times No. 15)	
\$ 744,285.04		\$ -	

Example: Demolished house destroyed by fire & removed from property

Example: 2 New Houses & New Apartment Bldg

MAXIMUM LEVY WORKSHEET CALCULATION 2 (CONT.)

- Base year - highest dollar amount of taxes levied the last three years
- Taxable value of the determined base year
 - Taxable property
 - Local discretionary exempt taxable value
 - N.D.C.C. §57-15-01.1(2)(d)
 - Referenced on all instructions
- Expired levies/Calculated mill rate

MAXIMUM LEVY WORKSHEET CALCULATION 2 (CONT.)

- **BOX 11: Decreases – identify base year, include appropriate years**
 - Enter taxable value of taxable and exempt* property removed from the taxing district since the base year. Examples of reasons why the property no longer exists in the taxing district include the following: destruction of property, demolition, removal of structures or improvements, loss by annexation to another district, wind turbines that convert from a centrally assessed value to assessment as a payment in lieu of property tax. DO NOT include any change in value caused by reassessment, change in classification, change in value made by any board of equalization, or loss in value caused by taxable property becoming exempt.*
- **BOX 13: Increases – identify base year, include appropriate years**
 - Enter taxable value of taxable and exempt* property added to the taxing district since the base year. Examples of property added include: new construction and property added by annexation. DO NOT include any change in value caused by reassessment, change in classification, change in value made by any board of equalization, or increase in value caused by exempt* property becoming taxable.

MAXIMUM LEVY WORKSHEET CALCULATION 2 (CONT.)

- Subtract decreases and/or Add increases
- New or increased mills
 - Enter as mills
 - Calculated against the current taxable value
- Adjusted based year
 - Base year – decreases, + increases, + new mills increase

MAXIMUM LEVY WORKSHEET – FINAL CALCULATION

MAXIMUM LEVY WORKSHEET - For Taxable Year 2019		Page 2
OFFICE OF STATE TAX COMMISSIONER		
18. Maximum Levy Authority (greater of Nos. 3 or 17)		Levy Amount 1,290,000.00
Maximum levy calculation (N.D.C.C. § 57-15-01.1)		
19. Max Levy (No. 18)	20. Amount of Levy certified by district	21. Final levy (lesser of 19 or 20)
1,290,000.00	752,500.00	752,500.00
		22. Fund mill rate (No. 21 ÷ No. 1)
		35.00
* Property exempt by local discretion or charitable status. See section 57-15-01.1(2)(d)		
**Increased levy authority may be limited for a specified number of years.		
Review specific levy statute. See section 57-15.		

MAXIMUM LEVY WORKSHEET – FINAL CALCULATION

Maximum levy:

Compares the calculations provided by law
Provides largest amount from the calculations

Certified by district:

Certified in dollars
May amend no later than October 10

Final Levy - cannot be greater than amount certified

QUESTIONS??



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